Professional Builder

THE MAGAZINE OF HOUSING AND LIGHT CONSTRUCTION/A CAHNERS PUBLICATION

Golf's popularity does not assure profitability. Page 55.

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UPDATE

House Passes Amendments That Modernize HUD Code

The House of Representatives voted July 31 in favor of a package of amendments by Rep. Jack Hiler, R-Ind., that modernizes the National Manufactured Home Construction and Safety Standards Act of 1974 (also known as the HUD code). The House defeated an attempt by Rep. Mary Rose Oakar, D-Ohio, to force all manufactured homes to be designed for relocation even if they are permanently sited.

Congressman Hiler countered that the HUD code's "permanent chassis" requirement is antiquated and that they are unnecessary for permanently sited homes, add needless cost and make it difficult for them to be put on basements. The amendment package, which is part of the 1990 House housing bill, will now be submitted to the House-Senate Conference Committee for discussion.

Los Angeles Leads Nation In New Job Formation

U.S. Bureau of Labor Statistics data through year-end 1989 shows that Los Angeles led all other metropolitan areas in new job formation for the fourth consecutive year, despite an overall job growth rate of less than 2 percent. According to data analysis by M/PF Research Inc., Washington, D.C. trailed Los Angeles in total new jobs but expanded its job base by a much stronger 3.5 percent.

Seattle has been the nation's standout job market over the past two years; its 6.2 percent growth in 1989 exceeded the year-earlier pace by 30 percent. Seattle climbed to third place while Houston continued its recovery, ending the year in fourth place.

New job formation has cooled in all regions except the West as the economy has slowed, the study showed. A few states, however—most notably Ohio and Washington, but also Arizona and Colorado—are creating jobs faster than in 1988. Recovering Cleveland joined the nation's top 20 job markets for the first time.

Michigan Eyes Public/ Private Partnership

Starting Oct. 1, Freddie Mac will make $500 million available to low- and moderate-income home buyers in Michigan through a public/private partnership with the state. Senator Don Riegle, Michigan Governor James Blanchard and Freddie Mac Chairman Leland Brendsel participated in the announcement. Sen. Riegle said the program will enable as many as 10,000 Michigan families to enter the housing market.

Outlook Turns Pessimistic

Only one out of four builders are confident that conditions will get better within the next three months, according to a monthly builder panel survey commissioned by Owens Corning Fiberglas and *PB*. Only 13 percent expect conditions to worsen, while nearly two out of three expect them to remain the same.

Half of the builders polled indicated their model traffic is down compared to this time one year ago.

Builder Confidence Wanes

Do you think that in the next three months, your new housing/remodeling business will:

	Jan.-Feb.	April-May	June-July
Get better?	50.5%	39.6%	23.7%
Get worse?	6.9%	8.9%	13.4%
Remain same?	42.6%	51.5%	62.9%

Source: OCF Contractor Tracker Study

Panelized, Modular Market Shows Steady Increase

The U.S. market for modular and panelized housing is something to watch. According to a study by Frost & Sullivan Inc., growth in these two areas could be startling. In 1989, 61,000 modular units were produced for revenues totaling over $3.47 billion. Frost & Sullivan forecasts a modular market of 121,000 units for 1995, totaling approximately $9.24 billion (1989 dollars).

Panelized production totaled almost 126,000 units in 1989, which the study predicts will reach 153,000 units in 1995. In dollar terms, the 1989 market amounted to just over $4.4 billion, expected to rise to nearly $7.44 billion in 1995.

Banks, Pension Funds Up Mortgage Investments

The Federal National Mortage Association (Fannie Mae) says that mortgage investments are finding increasing favor among commercial banks and pension funds. Bob Sahadi, vice president of mortgage-backed securities for investor marketing at Fannie Mae reports the agency is making a concerted effort to attract pension fund investments in mortgage-backed securities.

He also points out that the interest shown by commercial banks and pension funds is a direct result of the problems of the thrift industry.

Fireplaces Spark Enthusiasm Among Builders, Buyers

An exclusive study outlines the increasing use of fireplaces in new U.S. homes.

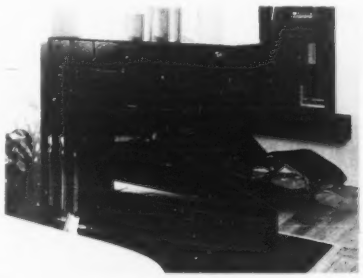
By Andrea LaFreniere, Staff Editor

The fireplace is proving increasingly popular among home builders and buyers, says a recent study prepared for *Professional Builder* by the Bureau of Building Marketing Research.

Designed to examine the use of fireplaces in new residential construction, the study reports that in 1988, almost 65 percent of all new single-family residences were furnished with a fireplace. This accounts for most of the 790,000 units that were installed in new single-family homes that year.

The study also suggests that the largest percentage of fireplaces are installed in newly built homes in the West (where fireplaces are most popular), followed by the Midwest and the South, respectively (see chart 1).

Among other pertinent information uncovered by the report is that the use and number of fireplaces in new single-family homes increase as the price of the home increases (see chart 2). In addition, 75 percent of new-home buyers will opt to include a fireplace in their home. When asked what options they would add to their homes for an extra $3000 to $6000, more than 75 percent of respondents indicated they would prefer a fireplace. □



Traditionally perceived as the hub of the home, fireplaces are now one of the most sought-after luxury amenities in new housing.